

(d) *Interest.* In accordance with 31 U.S.C. 3717 and 34 CFR part 30, the Secretary charges interest on the unpaid balance that the scholarship recipient owes. However, except as provided in § 611.44(d), the Secretary does not charge interest for the period of time that precedes the date on which the scholarship recipient is required to begin repayment.

(e) *Failure to meet requirements.* A scholarship recipient's failure to satisfy the requirements of §§ 611.42–611.48 in a timely manner results in the recipient being—

(1) In non-compliance with the terms of the scholarship;

(2) Liable for repayment of the scholarship and accrued interest; and

(3) Subject to collection action.

(f) *Action by reason of default.* The Secretary may take any action authorized by law to collect the amount of scholarship, accrued interest and collection costs, if any, on which a scholarship recipient obligated to repay under this section has defaulted. This action includes, but is not limited to, filing a lawsuit against the recipient, reporting the default to national credit bureaus, and requesting the Internal Revenue Service to offset the recipient's Federal income tax refund.

(Approved by the Office of Management and Budget under control number 1840–0753)

(Authority: 20 U.S.C. 1024(e))

[64 FR 42839, Aug. 6, 1999, as amended at 65 FR 19613, Apr. 11, 2000]

§ 611.44 Under what circumstances may the Secretary defer a scholarship recipient's service obligation?

(a) Upon written request, the Secretary may defer a service obligation for a scholarship recipient who—

(1) Has not begun teaching in a high-need school of a high-need LEA as required by § 611.41(a); or

(2) Has begun teaching in a high-need school of a high-need LEA, and who requests the deferment within six months of the date he or she no longer teaches in this school.

(b) To obtain a deferment of the service obligation, the recipient must provide the Secretary satisfactory information of one or more of the following circumstances:

(1) Serious physical or mental disability that prevents or substantially impairs the scholarship recipient's employability as a teacher.

(2) The scholarship recipient's inability, despite due diligence (for reasons that may include the failure to pass a required teacher certification or licensure examination), to secure employment as a teacher in a high-need school of a high-need school LEA.

(3) Membership in the armed forces of the United States on active duty for a period not to exceed three years.

(4) Other extraordinary circumstances that the Secretary accepts.

(c) Unless the Secretary determines otherwise—

(1) A scholarship recipient must apply to renew a deferment of the service obligation on a yearly basis; and

(2) The recipient has 60 days from the end of the deferment period to begin teaching in a high-need school of a high-need LEA or become liable for repayment of the scholarship, any accrued interest, and any costs of collection.

(d)(1) As provided in § 611.43(a)(2), during periods for which the Secretary defers a scholarship recipient's service obligation, the scholarship recipient does not have an obligation to repay the scholarship. However, interest continues to accrue on the amount of the scholarship.

(2) If the scholarship recipient fulfills his or her service obligation after the end of the deferment, the Secretary waives the obligation to repay accrued interest.

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(Authority: 20 U.S.C. 1024(e))

§ 611.45 Under what circumstances does the Secretary discharge a scholarship recipient's obligation to repay for failure to meet the service obligation?

(a) The Secretary discharges the obligation of a scholarship recipient to repay the scholarship, interest, and any costs for failure to meet the service obligation based on information acceptable to the Secretary of—

(1) The recipient's death; or

(2) The total and permanent physical or mental disability of the recipient